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ABSTRACT

This is the eleventh in a set of 36 teacher guides to the Entrepreneurial Training modules and accompanies CE 031 050. The purpose of this module is to give students some idea of what it is like to own and operate a flower and plant store. Following an overview are general notes on use of the module. Steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Flower and Plant Store, Choosing a Location, Getting Money to Start, Being in Charge, Buying and Keeping Track of Supplies, Setting Prices, Advertising and Selling, Keeping Financial Records, and Keeping Your Business Successful. Each unit contains a case study, responses to individual activities, responses to discussion questions, and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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GETTING DOWN TO BUSINESS:

Flower and Plant Store

Module 11

Teacher Guide

CE031051

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GETTING DOWN TO BUSINESS:

Flower and Plant Store

Rachel L. Rassen

April 1981

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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a flower and plant store. Students will have an opportunity to make the same decisions that the owner of a flower and plant store makes. While the module is not a complete "how-to" manual, the individual lessons will provide your class with a chance to do many of the planning and daily activities that small business owners do.

Today, owners of small businesses face a multitude of problems--some minor, some that threaten their very existence. These problems reflect the constant changes that our society is going through--economic, cultural, and technical. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give your class an opportunity to discuss them and develop, on a hypothetical basis, solutions for themselves.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms that are introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit a flower and plant store specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a page listing the unit's goal and objectives.

2. Case Study--an account of a retail florist business owner for a more intimate view of owning a retail florist business.

3. Text--three to four pages outlining business management principles introduced in the case study.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (10-15 minutes)

I. In introducing this module you will probably want to find out what students already know about the retail florist business.

- Ask about the types of flower and plant stores students know about (students will probably list big department stores, garden centers, nurseries).
- Ask if they know about any small independent flower and plant stores such as the local florist.
- Ask them what they think the advantages of owning their own flower and plant store might be.
- Ask them what disadvantages they see.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities retail florists need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Flower and Plant Store (1 class period)

I. Vocabulary:

decorative	fertilizer
accessories	undergrowth
florist	ornamental horticulture
insecticides	botany
inventory	

II. Case Study: John Pollini's and Charles Deane's background and interests are described. Before they open their store, John and Charles take into account the store's location, the competition in the area, and the legal requirements they will have to meet.

Text: Products, Customers, and Competition
Helpful Personal Qualities
How to Compete Well
Legal Requirements

Additional Points to Consider:

1. The purpose of this module is to give students a general idea of what it is like to open a flower and plant store and the type of thinking, planning, information, and personal qualities that are necessary in order to compete successfully in this business.

2. You may want to tell students that anyone can open a flower and plant store--if they have the money--but they may not like it. For example, you must not be afraid of paper work, and you have to like working with people.

3. Different states have different licensing and legal requirements for opening and running a flower and plant store. There may also be local (county and city) laws to consider. You may want to get this information from your state and local licensing agencies and make a detailed list of these requirements for your students.

III. Responses to Individual Activities

1. Student responses to this question will vary, depending upon the location of your school, the characteristics of your city and/or town, and the listings in the Yellow Pages. Responses should reflect a systematic investigation of the number and types of flower and plant stores in the area as well as the personal interests of the students.

2. Helpful personal traits and experiences for a flower and plant store owner include: sales ability; high energy and enthusiasm; good business sense; and gardening skills. But most importantly, to be successful you have to like people.

3. A wide range of subjects would be appropriate in response to this question. Relevant courses include classes in botany, ornamental horticulture, art, accounting, bookkeeping, mathematics, business and financial management, and so on.

IV. Responses to Discussion Questions

1. Flower and plant stores are risky businesses primarily because there is so much competition--from other small stores as well as from big discount and department stores. Changing lifestyles, choosey customers, and unpredictable fashion trends add to the risk of opening a flower or plant store. A flower and plant store can compete successfully if it uses imaginative designs and displays to attract customers, sells quality merchandise, and gives customers personalized service and attention.

2. Nowadays all types of people are buying household plants, flowers, and greenery. Many customers may be found in areas where there are apartment buildings, stores, and business offices. They may buy plants for decorative purposes and to help counterbalance the amount of concrete that surrounds them.

3. A flower store specializes in cut flowers and blooming plants; since much of the business is done by phone, an efficient delivery service is necessary. Generally, plant stores are more like retail stores. The emphasis is on the merchandise and personalized sales and service. The majority of plant stores sell only decorative houseplants and related items.

V. Group Activity

Students should be encouraged to visit small flower and plant stores. You may wish to divide the class into groups of three or four. Have them generate lists of questions before they go on their visits. When the groups have collected the information, have students share their responses.

Unit 2 - Choosing a Location (1 class period)

I. Vocabulary:

potential	commuters
percentage	operation
Chamber of Commerce	visible
logic	

II. Case Study: John and Charles want to locate their store in a site that will contribute to the success of their business. They choose a site where they can attract casual strollers and the downtown business people.

Text: Choosing the Area for Locate Your Store
Questions to Ask When You Choose Your Site
Renting and Leasing a Store

Additional Points to Consider:

1. You may want to discuss other general factors in selecting a location: the community, make-up of population by age groups, labor conditions, nature and prosperity of local industries and stores.

2. Some of the points to emphasize in discussing store location are rents and insurance rates, appearance of existing buildings, zoning restrictions, position of location within a block, etc. Although these factors are mentioned in the text, they are not discussed in depth.

3. A market analysis can help in choosing a store location. There are many ways of conducting market research and analysis, and there are professional businesses available to perform these tasks. It may be helpful to lead a class discussion on the types of information that a market analysis can provide, how to get this information, and how this information can affect business decisions and practices.

III. Responses to Individual Activities

1. a) Chamber of Commerce
   b) Community banks
   c) Newspapers
   d) City and county planning councils
   e) Census information
   f) Real estate agents

2. A flat rental rate calls for a set monthly payment. In a percentage of sales agreement, you agree to pay a base amount and a percentage of your monthly sales.

3. Living Interiors' store location will attract walking customers who have come to the gallery to "browse." The store will be highly visible to those people shopping and doing business in the area. The disadvantage is that this location is "seasonal." When the weather turns cold, John and Charles will not be able to set up their buckets outside, and people will not be able to see the store as they walk by.

4. Additional information that would be helpful in choosing a site for your store may include: zoning regulations; information on neighboring buildings and businesses; public transportation; available parking; number of similar stores in the neighborhood; and the neighborhood's potential for growth.

IV. Responses to Discussion Questions

1. The information you should get before a store lease is signed includes:

   - the neighborhood and its potential for growth;
   - the ages, incomes, and interests of the residents;
   - the competition in the area as well as other businesses;
   - the business history of the location;
   - availability of public parking;
   - physical condition of the store, street, and surrounding buildings;
   - space limitations;
   - local zoning rules and regulations; and
   - visibility of the store and accessibility to foot traffic.

2. Responses to this question will vary, depending upon the characteristics of your school and community.

3. Student responses should be consistent with the information gathered in the previous question and should reflect a logical analysis of the area and the market potential.

V. Group Activity

The class may break into small groups with each group developing its own evaluation checklist and then prioritizing the lists.

The purpose of this activity is to sensitize students to the basic research, analysis, and homework that should go into a decision to locate a store. Location decisions are among the most important decisions in opening a business--they must be made carefully and be based on factual information.

Unit 3 - Getting Money to Start (1 class period)

I. Vocabulary:
- loan officer
- résumé
- target customers (market)
- accessories
- initial inventory
- restock
- casual
- starting capital
- fixture
- interior decorator

II. Case Study: John and Charles start getting serious about their flower and plant store. They take stock of the money available to them and list how much they will need to open their new store. They apply to a bank for a loan.

Text: Preparing a Business Plan
Statement of Financial Need

Additional Points to Consider:

1. A personal résumé will have to accompany the business plan and the statement of financial need. You may want to bring in examples of a résumé and discuss the qualities of a well written resume.

2. Many small businesses fail because they are "under capitalized." You may want to discuss the importance of having sufficient reserve capital to cover operating expenses for two years--until the store begins to show a profit (it usually takes this long).

3. Lending agencies are generally very conservative in their investments. As a rule of thumb, they prefer the loan applicant to contribute at least 50% of the capital needed to start the business and will provide a loan for the remainder. If a loan applicant is turned down by one bank, he or she should make an application to a second bank, which may be more liberal in its lending policies. The Small Business Administration is another source of money for the prospective small business owner.

III. Responses to Individual Activities

1. Additional information could include: a detailed management plan for their store; the number of employees they intend to hire; and the reasons why their selected location should contribute to the success of their store. [The purpose of including this additional information is to demonstrate to the lending agency that (a) their business strategy is carefully planned, and (b) they are a good investment risk.]

2. It is important to submit a personal résumé along with the statement of financial need and the business plan. The lender will want to know more about John and Charles--are they good investment risks? Are they responsible and reliable, and do they have the types of experience that make them able to operate a successful flower and plant store?

3. The purpose of this question is to encourage students to list the expenses involved in opening a flower and plant store. Some of this information is included in the case study. However, costs and prices may vary depending on the area, the type of flower and plant store students wish to open, and the initial inventory.

IV. Responses to Discussion Questions

1. No. The first store was a very casual and poorly managed situation--successful only as long as the weather was good. They should have been looking for another store front, deciding on inventory, planning their advertising, etc.

2. The business plan would have helped the bank decide whether John and Charles were good (or bad) business risks, and whether their business strategy was carefully planned.

3. Student responses to this question will vary. It is not hard to apply for a loan, but loan application procedures may be long and tedious. Furthermore, these days it is increasingly difficult to get loans to open new businesses. To prepare for the loan interview, prospective owners should do their "homework" well--know what their customers want, how they plan to meet those needs, and why they think these ideas will succeed. Also, on the day of the interview loan applicants should get dressed in their "Sunday best."

V. Group Activity

The purpose of this activity is to give students a realistic idea of the good communication and interpersonal skills needed in a bank interview.

Unit 4 - Being in Charge (1 class period)

I. Vocabulary:

management
supervision
profit
maximize
promote
personal reference
salary
sympathetic
instruction
overtime compensation
occasion
technique
applicants
crucial
fringe benefits
impersonal
browse

II. Case Study: John and Charles divide their work responsibilities. They take into account their own personal styles and preferences.

Text: The Importance of a Well-Managed Sales Staff
Hiring Salespeople
Keeping Workers Happy
Training
Salaries and Benefits
Store Policies

Additional Points to Consider:

1. You may want to talk to your students about classified ads, public and private employment agencies, and bulletin boards--how to use them and how they can help you find the right people.

2. There are many other aspects of the employer-employee relationship that you may want to cover--e.g., people asking for raises or for time off. You may want to role play these situations.

3. You may want to discuss the importance of communication and generate a list of ways good employer-employee communications can be established and maintained.

4. A personal interview is an important part of hiring the right person for a job. There are some qualities that might show up in an interview and not on an application form. You may want to lead a discussion or role play situations on good interview techniques.

III. Responses to Individual Activities

1. A good salesperson can help business by: selling a lot of merchandise; promoting good customer relations; keeping returns to a minimum; reducing careless bookkeeping losses; giving advice to customers, and so forth.

2. John and Charles have different experiences, styles, preferences, and areas of ability. John's outgoing nature will be helpful in selling and dealing with customers. Charles is talented in working with plants and floral arrangements. A disadvantage is that if John gets sick or leaves the partnership, Charles won't know how to handle certain parts of the business--and vice versa.

3. a) False: The owner should take key responsibilities in the business, such as personnel management and long-range planning. Other tasks such as sales, flower arranging, and bookkeeping can be delegated.

   b) False: All candidates should fill out job applications, and these applications should be thoroughly reviewed by the employer before an interview.

4. Student responses to this question will vary. Some facts and qualities that may show up in a personal interview include poor personal grooming habits, inability to listen to others, ease with people, verbal skills, etc.

IV. Responses to Discussion Questions

1. The salesperson must establish communication, ask the right questions, and then listen to the customer in order to determine what the customer wants and needs.

2. You should think twice about hiring this person. If he is an exceptional salesperson and if he is only one of a number of employees, you may consider hiring him on a trial basis. However, you should be looking for salespeople who are reliable

as well as qualified, because their performance will reflect on the image and reputation of your store.

3. A thorough store policy will let employees know what is expected of them and what they can expect from their employer. It will also help maintain employee job satisfaction, which will result in better service to the customer.

V. Group Activity

Good employer-employee relationships are essential to the effective and efficient management of a store. It is important that students realize that these relationships do not "just happen." Establishing good relationships and good communications starts with having a clear statement of job responsibilities and hiring good people to work for you. This takes a lot of effort, criticism, and sensitivity to workers.

The purpose of this activity is to sensitize students to the responsibilities of the employer in interviewing and hiring job applicants.

Each group should develop a set of interview guidelines for the prospective employer--types of questions to ask, information needed prior to any hiring decision, what to look for in the prospective employee, and so on--especially about dealing with potential problems with the applicant. At the conclusion of this exercise, have students discuss what they have learned.

Unit 5 - Buying and Keeping Track of Supplies (1 class period)

I. Vocabulary:

wholesale	inventory
retail	symmetrically
preferential treatment	inefficient
accurate	ornamental
specimen	distributor
selection	

II. Case Study: John and Charles organize their plants and flowers in the shop to keep track of what they need to order. They try to limit the number of buying trips they make to their suppliers.

Text: Inventory Selection
Choosing Suppliers
Purchase Orders
Inventory Control

Additional Points to Consider:

1. Good organization comes from experience. You may want to discuss with your students how poor organization, paperwork, and small details can run your life--leaving you with no time to

run the store. In order to be successful in this business, store owners must learn to manage their time and responsibilities effectively and efficiently.

2. There are many suppliers who want to sell their plants and flowers. Although there is an advantage to maintaining good relationships with a few steady suppliers, there is also a drawback in that your inventory may become too stable.

3. You may also want to discuss the advantages and disadvantages of adding new types of inventory, and the importance of keeping up with the latest trends in popular plants.

III. Responses to Individual Activities

1. Student responses to this question will depend on their own personal interests and familiarity with plants. Any reasonable response is acceptable.

2. Student responses will reflect their personal interests, the characteristics of the local business community, and the number of plant suppliers listed in the local Yellow Pages.

3.

PURCHASE ORDER

TO: Mary Mead Nursery

DATE: March 10, 1982

PURCHASE ORDER NUMBER: 722

REQUIRED DELIVERY DATE: March 20, 1982

SHIP TO: The Green Thumb

SHIP VIA: Truck

Quantity	Unit	Description	Unit Cost	Total Cost
10	6"	Creeping Charlie	$ 3 00	$ 30 00
5	8"	Grape Ivy	$ 5 00	$ 25 00
5	6"	Boston Fern	$ 4 00	$ 20 00
		TOTAL		$ 75 00

Signature Carole Franklin

4.

INVENTORY CARD

Item Boston Ferns

Supplier Mary Mead Nursery

AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount
3/20	10				
		3/22	2	3/22	8
		3/23	2	3/22	6

IV. Responses to Discussion Questions

1. The advantages of buying from only a few suppliers lie in the personal relationships you can establish and the preferential treatment you will be given. Disadvantages are that the selection of plants and flowers available may be limited.

2. The advantage of buying from a wholesale market is the availability of a large variety of plants and flowers in one place, making many trips to varied suppliers unnecessary. On the negative side, however, you may lose out on the special benefits, services, and attention that come from personal relationships with growers. Also, wholesale market prices are higher since a wholesaler's cost is involved.

3. Student responses will vary. John and Charles' method was an "eyeball" method with little or no paperwork. It did not fit all the guidlelines described in the module. They called orders in, but did fill out a P.O. later. There is no indication that they used written inventory cards. Despite the simplicity of their system, it seemed to work for them.

V. Group Activity

The advantages of a good stock control system are that the store owners will be aware of what comes in and what goes out of their store on a daily basis. Records will be accurate and timely. They will know which items are fast movers, and which items are "duds." Inventory control systems help store owners plan future purchases. If Charles and John had sales information printed on a tear-off portion of the price tags and completed daily inventory cards, their system would have been more effective

and accurate. Encourage students to come up with other ideas for an effective inventory control system.

Valuable slow-moving items might include large and unusual plants and accessories that attract attention and create an atmosphere in the shop. Although these items are for sale, they could almost be considered part of the decore.

Unit 6 - Setting Prices (1 class period)

I. Vocabulary:

gimmick	markdown
average	consideration
psychological	calculate
profit margin	transportation

II. Case Study: John and Charles set up a pricing strategy, including an effective technique for keeping loyal customers after they raised their prices.

Text: Markdown Sales
Pricing
Stock Turnover

Additional Points to Consider:

1. You probably will want to discuss other factors that will affect pricing decisions such as inflation rates, gas price increases, and wholesale prices (including increased labor costs).

2. You may want to discuss ways in which owners of small businesses cope until they begin to show a profit. The problems of undercapitalization may also be discussed in the context of pricing strategies and decisions. Pricing decisions affect profit--the amount of money coming into the store relative to the amount of money needed for inventory and operating expenses.

III. Responses to Individual Activities

1. Gross profit is the amount of markup you add to the cost of your merchandise. Stock turnover refers to the number of times a store's inventory is sold and replaced in a year.

2. Capitalize on the personalized service offered by your store; lower your prices to compete with the other store; develop a new line of merchandise; other reasonable responses.

3. You may consider reducing the selling price of your merchandise if:

   - your merchandise is not selling (it may be priced too high);
   - customer tastes in certain flowers and plants have changed;
   - you wish to attract more customers to your store;
   - you wish to make room for more merchandise.

4. Student responses will vary. All reasonable responses are acceptable.

IV. Responses to Discussion Questions

1. Having a standard pricing policy is more convenient for the store owner. Every time you buy new merchandise, you can write the same price on the ticket. However, you may lose money if your wholesale costs increase suddenly and you keep your standard price stable. Having a totally flexible pricing policy helps you "keep in tune" with wholesale prices. However, if your prices vary too much from month to month, it may confuse and irritate customers.

2. Low prices can attract customers to the store. Having more customers may increase the volume of sales as well as provide the opportunity to sell other higher-priced items. Low prices can be used to clean out unsold items and provide the cash necessary to buy new inventory.

3. A low turnover rate tells you that too much money is tied up in slow-moving merchandise. This may affect cash flow, your available cash on hand, and your profits. You may not have enough money to invest in newer, faster-moving items. Old and unsold merchandise will continue to be old and unsold. A sale or a reduction in price may help to clear the store of these items. At the very least, the store owner will probably recover the wholesale costs, money which can then be reinvested in new merchandise.

4. Buying in large quantities saves money. However, you should be fairly certain that you will be able to sell your merchandise quickly and that you have enough space to store all the merchandise. On the other hand, if you buy in small quantities, your wholesale costs may be more expensive, but you will be able to replenish/restock your inventory more often. You will also have more cash flow, since less of your money will be tied up in unsold inventory.

V. Group Activity

There is no magic formula for setting prices. Store owners must be flexible in the prices they set; they must take the volume of sales, operating expenses and costs, the target customers, inventory, and their own financial needs into consideration. They

must also plan for sales to increase the volume of purchases and to attract customers. In general, for a store to succeed, the advertising campaign must be attractive, and the store's pricing policy must be flexible.

The purpose of this activity is to make students aware of the various techniques and gimmicks store owners use to sell their inventory and attract customers. There is a psychology to advertising, pricing, and selling that store owners utilize to sell their products.

These methods will also be addressed in Unit 7, Advertising and Selling. You may consider conducting this activity after students have completed the next unit.

Unit 7 - Advertising and Selling (1 class period)

I. Vocabulary:

efficient	consistent
campaign	illustrate
format	persuasive
circulation	stimulate
logo	

II. Case Study: The different ways John and Charles advertise and promote their Living Interiors store are described. As a result of their advertising and their reputation for quality service and attention to detail, Living Interiors is well on its way to becoming a successful business.

Text: Choosing How to Advertise
Qualities of a Good Ad
Costs
Selling

Additional Points to Consider:

1. The Federal Trade Commission (FTC) establishes the standards for advertising. You may want to lead a class discussion on how these standards affect advertising techniques and content.

2. Word-of-mouth advertising is the most effective form of advertising a store can have. This can be related to topics in previous units--specifically, the value of personalized sales and service.

III. Responses to Individual Activities

1. a. C
   b. B
   c. A or C
   d. A
   e. C

2. Newspaper ads are a relatively inexpensive way to reach a large number of people. They can be distinctively designed to convey a lot of information about your store in a small space. Formats can be quickly and easily changed, and ads can be placed in particular sections of the newspaper to reach select audiences. Newspaper ads, however, do not have the immediate impact on the customer that radio ads do.

   Since repetition is the key to effective radio advertising, it can be fairly expensive. However, it is a good way to broadcast sales and special events. Since radio ads are often read live by the announcer, you will have less control over the quality of a radio ad. The design of a newspaper ad, on the other hand, is almost totally within your control. Radio ads will reach a broader audience but must be repeated frequently in order to be effective.

   Both radio and newspapers are used extensively in advertising. If you want to use both, you may want to run a newspaper ad weekly to tell people about your store and use radio ads occasionally to announce special events.

3. Special features may include special sales announcements, discount coupons, pre-season sales, gift certificates, two-for-one sales (instead of half-price sales--it sounds better), and so on. You could also promise free coffee, a free flower, etc.

4. Students may use any medium to create their ads. They should follow the guidelines for effective advertising that are found in the text.

IV. Responses to Discussion Questions

1. You would want your ads to reach a very select audience. In planning your ad campaign, you would be wise to first find out what your audience reads. You can then place your ads in the particular sections of those magazines and newspapers that your target audience is likely to read. You could also use direct mailings to specific areas of town--e.g., areas with upper middle class, single-family homes.

2. A daily ad can become boring over a period of time if it is not changed. After a while people will just look at the ad without reading it. Special promotions and sales can be used to attract people's attention. Shoppers may already be aware that your store exists, but a special sale can bring these people in.

3. Unusual promotional events and involvement in community activities are ways of getting free publicity in the local media. Some suggestions include strolling models who give cut flowers away, contributions of store gift certificates to

charity events, and involvement in the local Junior Achievement organization.

V. Group Activity

The purpose of this activity is to sensitize students to the stereotyping and sexism that are often used by the advertising media in order to sell products. Some stereotyped roles are clear--using sexy-looking young women to advertise the appeal of certain aftershave lotions. Some stereotyping is implicit--the (female) secretary who makes coffee for her (male) boss and then starts to discuss the merits of that particular coffee blend.

Students may not be aware of implicit sexism and stereotyping. You may wish to bring in some examples of your own and lead a class discussion on what people learn from this constant exposure to stereotyped roles. How has this affected your students' dreams for success? Do the boys and girls in the class tend to differ in their success dreams and aspirations?

Unit 8 - Keeping Financial Records (1 class period)

I. Vocabulary: financial
minorities
investigation

II. Case Study: The bookkeeping system used by John and Charles to record all sales and expenses for the Living Interiors store is described.

Text: Cash Sales
Credit Sales
Daily Cash Sheet

Additional Points to Consider:

1. This unit was designed for use by students who have not had any bookkeeping experience. It provides a very brief overview of some of the basic elements of bookkeeping. You may wish to present a more in-depth lesson on some of the topics.

2. Many small businesses use an accountant or a bookkeeper to compile records for tax purposes. The financial records that the business keeps are usually basic ones.

3. Some small business owners keep few records. Such businesses take a big risk if the Internal Revenue Service ever asks to see their books.

III. Responses to Individual Activities

1.

SALES SLIP

DATE August 4

CUSTOMER Frankie Thomas

Description of Sale	Price	
2 dozen red roses	30	00
1 geranium	6	00
1 mum	5	00
Cash [XX] Subtotal	41	00
Sales Tax	2	05
Charge [ ] TOTAL	43	05

Be sure students calculate the 5% sales tax on the subtotal and sum the two figures to calculate the total amount owed.

2.

CUSTOMER BILLING FORM

Customer: Hilda Wagner

Date	Description of Sale	Amount Charged	Payment Received	Balance Due
4/15	Mixed Arrangement	$15.75	--	$15.75

3.

DAILY CASH SHEET			
Cash Receipts		Cash Payments	
Cash Sales	$ 340	Salaries	
Credit Sales	250	Building Expenses	$ 150
		Equipment and Furniture	
		Inventory or Supplies	250
		Advertising	100
		Other	
TOTAL CASH RECEIPTS	$ 590	TOTAL CASH PAYMENTS	$ 500

According to the information provided in the case study on the day in question, the Living Interiors Store took in $590 in sales (revenues), and paid out $500 for various bills and operating expenses.

IV. Response to Discussion Question

Try to find some information about this customer--where he lives, his work phone, etc. You may wish to ask for a deposit before you agree to the sale. In any event, you should use caution in deciding whether to accept a telephone sale from this new customer. The advantage of extending credit is that it is a convenient service to your customers. It is a way of maintaining good relations with them and increasing the volume of your sales. However, you will be responsible for billing the customer and collecting the money owed. Telephone and other credit sales are "money owing," since the customer has only promised to pay for the purchase--at a later day. You may find yourself with a lot of unpaid bills.

V. Group Activity

The purpose of this activity is to sensitize students to the practice of discriminatory and unfair credit policies. It is also illegal to refuse people credit because of their race, color, religion, or sex.

You may wish to divide the class into small discussion groups for this activity. Role play situations in which someone has been refused credit. Also, have students suggest ways to establish good credit ratings, open bank and checking accounts, be able to provide evidence of a steady employment history, and so on. List these suggestions on the board.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Vocabulary: profit/loss statement
revenue
profit ratio
expense ratio
capable
spruce

II. Case Study: John and Charles look at their gross profit figures for the past 11 years. By studying these figures carefully, they are able to see how their business practices and the economic situation in the community affects the success of their business.

Text: Keeping Track of Profits
How to Calculate a Profit/Loss Statement
Improving Profits
Changing Your Business to Increase Sales

Additional Point to Consider:

This unit, like the last, was designed primarily for use by students who have not had any bookkeeping experience. It may be necessary to review some of the major topics and related formulas presented in this module.

III. Responses to Individual Activities

1. The five main parts of a profit/loss statement include:

   - revenues;
   - cost of goods sold;
   - gross profit;
   - expenses; and
   - net profit.

2. Net profit = $19,000
   Profit ratio = 12.7%
   Expense ratio = 37.3%

3. One way of increasing sales is to improve the quality of service by finding and hiring more capable salespeople. It is important to keep up with trends and customer tastes as well as technological advances. You can also add more services not offered previously for your customers.

4. If you raise prices, you may lose customers. If your customers know they can find the same items elsewhere at a lower price, they may not return to your store.

5. A store owner may wish to study how cost effective his or her business practices are. Can the ratio of salespeople to

customers be decreased without hurting the quality of service? Is the advertising campaign appropriate for the customers? Can energy-efficient actions be taken to reduce the cost of the utility bills? Does the free delivery service add to the success of the store, or is this service too costly to maintain?

IV. Responses to Discussion Questions

1. Sales and profit may decline for a variety of reasons--inflation (fewer "leisure dollars" to spend), poor management, an inappropriate pricing policy, limited merchandise selection, inadequate service and salespeople, shifting traffic patterns and/or a declining economic condition in the area, poor advertising, and so on.

2. These figures give you an idea of how the volume of sales changed over the years. Together with other information about business practices and economic conditions, you can see the growth rate of the store. However, expenses may also fluctuate year by year so that the net profits may not look so good. It is important to know about your store's expenses and net profits as well as the gross profits.

3. Expense and profit ratios allow you to compare your store's success over the years. They will tell you the percentage of money that goes into paying for the store's expenses and the percentage that is your profit. If expense ratios are high, you may want to consider a means of reducing expenses in order to lower the expense ratio and raise the profit ratio.

4. Student responses will vary. Accept any reasonable response based on the text.

V. Group Activity

The purpose of this activity is to review some of the major points discussed in the module with respect to planning, opening, and operating a successful store. This exercise will help students summarize the procedures and problems involved in operating a flower and plant store, and to review their own personal interest in the retail flower and plant business.

At the conclusion of the exercise, find out how students feel about owning and operating a flower and plant store and whether their views have changed as a result of reading the module.

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

The Summary section of the Student Guide covers the main points of the module. You may wish to discuss this briefly in class to remind students of major module topics.

Remind students that their study of this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: One way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Three of these:
   a. nursery/garden shop
   b. supermarket
   c. drugstore
   d. department store
   e. flower shop
   f. gift store

2. Three of these:
   a. "green thumb" (or likes gardening)
   b. basic business skills
   c. ability to arrange plants and flowers
   d. good sales ability
   e. ability to get along with people

3. Three of these:
   a. instruction in plant care/arrangement, etc.
   b. plant "clinics"
   c. plant-sitting
   d. delivery
   e. other reasonable ideas

4. b

5. Three of these:
   a. neighborhood's growth potential
   b. ages, incomes, and interests of residents
   c. competition
   d. type of neighborhood (e.g., urban, etc.)
   e. amount of pedestrian and auto traffic
   f. parking

6. a

7. c

8. $26,000

9. Three of these:
   a. sell a lot of merchandise
   b. greet customers cheerfully
   c. keep plant returns to a minimum
   d. reduce careless bookkeeping losses
   e. advise customers on plant selection and care
   f. other reasonable responses

10. a

11. Three of these:
   a. provide good training
   b. offer good salaries/benefits
   c. have clearly stated policies
   d. other reasonable responses

12. e

13. $39

14. 11

15. Wholesale cost = $10
    Gross profit = $10

16. a. Plants may die otherwise.
    b. You can get rid of slow-moving merchandise and make room for better sellers.
    c. You can attract customers with low sale prices.

17. Three of these:
    a. direct mail
    b. newspaper
    c. local magazines
    d. tourist brochures
    e. radio ads
    f. directories (Yellow Pages)
    g. transit ads
    h. specialty ads (e.g., T-shirts, calendars)
    i. gifts and charitable donations

18. a

19. b

20. Four of these:
    a. date
    b. customer's name
    c. item(s) purchased (description of sale)
    d. price(s); tax
    e. cash or charge

21. a

22. Net profit = $85,000
    Profit ratio = 34%

23. a. increase sales
    b. raise prices
    c. reduce expenses

SUGGESTED READINGS

General Entrepreneurship References

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Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

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Pennsylvania State University. Retail flower shop operation and management (Teacher and Student Manuals). Unversity Park: Pennsylvania State University, College of Agriculture, Department of Agricultural Education, Agricultural Experiment Station, 1968.

Southern Illinois University. Retail florist: Design, sales, maintenance, delivery. Carbondale: Southern Illinois University, Department of Agricultural Education and Mechanization, no date.

University of Texas at Austin. Retail floristry: Sales and merchandising. Austin: Author, 1976.

GOALS AND OBJECTIVES

Goal 1: To help you organize and plan your flower and plant store.

Objective 1: Describe the products, services, customers, and competition of a flower and plant store.

Objective 2: List the personal qualities of a successful flower and plant store owner.

Objective 3: List three ways to help your business compete successfully with other flower and plant stores.

Objective 4: List one or more legal requirements for operating a flower and plant store.

Goal 2: To help you choose the right location for your flower and plant store.

Objective 1: List three basic things to think about in deciding where to locate your flower and plant store.

Objective 2: Choose the best location for opening a flower and plant store.

Goal 3: To help you plan how to get money to start your flower and plant store.

Objective 1: Write a business plan for your flower and plant store.

Objective 2: Fill out a form showing how much money you need to start your store.

Goal 4: To help you select and manage your employees.

Objective 1: Decide how to divide the work of your flower and plant store among your staff.

Objective 2: Pick the best salesperson for your plant store.

Objective 3: List three ways to keep your people happy.

Goal 5: To help you select your inventory and develop an inventory control system.

Objective 1: Select the best flower and plant supplier, decide how much you will buy, and develop an ordering schedule.

Objective 2: Complete the total amount of a purchase order for your store.

Objective 3: Compute the amount of inventory on hand on a certain date.

Goal 6: To help you decide how to set prices for your merchandise.

Objective 1: Pick the best price for your merchandise.

Objective 2: List three reasons why markdowns may contribute to the success of your store.

Goal 7: To help you learn ways to sell your merchandise and advertise your flower and plant store.

Objective 1: Pick one way to advertise your flower and plant store.

Objective 2: Design a printed ad for your flower and plant store.

Objective 3: Describe one way to sell merchandise to your customers.

Goal 8: To help you learn how to keep financial records for your flower and plant store.

Objective 1: Fill out a customer sales receipt for a cash or credit sale.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

Goal 9: To help you learn how to stay successful.

Objective 1: Figure out the net profit (before taxes), profit ratio, and expense ratio for a flower and plant store.

Objective 2: State one way to increase profits.

Objective 3: Suggest a way to change your business to increase sales.

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